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**Date:** August 6, 1999 **Code:** TECHNICAL LETTER  
HR/SA 99-11

**To:** Human Resources Directors  
Payroll Officers

**From:** Cathy Robinson, Senior Director  
Human Resources Administration

**Subject:** Academic Professionals of California (Unit 4) Agreement and Salary Program For Fiscal Years (FY) 1998/99 and 1999/00.

The California State University has reached agreement with the Academic Professionals of California on a successor Collective Bargaining Agreement. This technical letter provides salary program information for Fiscal Years (FY) 1998/99 and 1999/00:

- A 2.77% General Salary Increase (GSI) will be applied to the salary steps and salary ranges of Unit 4 classifications and to employee salary rates for FY 1998/99 effective October 1, 1998. For FY 1999/00, a 2.4% GSI will be applied to the salary steps and salary ranges of Unit 4 classifications and to employee salary rates effective July 1, 1999.
- A one-step Service Salary Increase (SSI) is authorized for eligible employees if they are currently on-step, and a 2.4% SSI is authorized if they are off-step, subject to the SSI maximum, effective on the employee's anniversary date in FY's 1998/99 and 1999/00, as appropriate.
- Beginning FY 1998/99, employees may be paid between steps for performance pay, SSI increases, and/or salary adjustments due to a change in classification as appropriate. These salary advancements are no longer bound by step rate increments.
- Up to a 7.5% Performance Pay (PBSI) increase via base pay or lump sum bonus, as appropriate, is authorized in FY's 1998/99 and 1999/00, effective July 1, 1998, and July 1, 1999, respectively.
- For FY 1998/99, a one-time lump sum bonus will be paid to each full time and part-time employee on payroll on the date of contract ratification. Full-time employees

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will receive \$383, and part-time employees will be paid pro-rata, based upon their timebase equivalent. This type of bonus is not available for FY 1999/00.

- During contract year 1998/99, the CSU may expend up to 40% of the negotiated compensation increase pool (which is \$1,095,400, excluding associated benefits costs) for Unit 4 on performance pay, which also includes the payment of SSIs. During contract year 1999/00, the CSU may expend up to 40% of the negotiated compensation increase pool (which is \$952,900, excluding associated benefit costs) for Unit 4 on performance pay, which also includes the payment of SSIs.

Unexpended funds for performance pay in both fiscal year periods shall be rolled over for use on that campus for performance pay during the succeeding fiscal year. Each campus has received a joint memo from Employee Relations and Business and Finance identifying its share of the performance pay systemwide funds.

### **Implementation Requirements:**

#### **1. General Salary Increases (GSI):**

- General Salary Increases (GSIs) for FY's 1998/99 and 1999/00 will be accomplished via automated processing (mass update program) and manual keying by the State Controller's Office (SCO). The majority of employees (Group A) will receive the GSI via mass update; the remaining employees (Group B) will receive the GSI by manual processing.

Group A employees include approximately 1300 employees who were **not** SSI eligible in FY 1998/99 (based upon what is indicated in employment history as of 08/13/99). Group B employees include approximately 400 employees that **are** SSI eligible in FY 1998/99 (based upon what is indicated in employment history as of 08/13/99).

- The mass update program (applicable to Group A employees) has been scheduled to run during the weekend of August 14, 1999 to process the GSI's for FY's 1998/99 and 1999/00. The SCO will post a GEN transaction for the 2.77% GSI retroactive to October 1, 1998, and a second GEN transaction for the 2.4% GSI for all eligible employees effective July 1, 1999. Adjustment warrants will be generated from this process and will be made available by approximately September 1, 1999. Refer to the SCO's Personnel Letter for processing timelines and instructions.
- The SCO will manually key employment history transactions for Group B employees from the worksheets provided by HR-ISA. These transactions could include the GEN effective 10/01/98, the GEN effective 7/1/99, the SSI (via MSA transaction) effective on the eligible employee's anniversary date in FY 1998/99, **PLUS** any corrections to previously posted transactions.

Revised Unit 4 payscales for FY's 1998/99 and 1999/00 will be available via CIRS on **August 16, 1999**. These two reports can be accessed from **Report Code G20** listed under Systemwide Summary, Salary Schedule, **Cycle 9810 and Cycle 9999** for FY's 1998/99 and 1999/00, respectively. The salary schedules will also be available via CSU WEBSITE (<http://www.calstate.edu/hrpims/salary.htm>) soon after the mass update.

## 2. Service-based Salary Increases (SSIs):

- The SCO will manually process SSIs via MSA transaction for Group B employees effective upon their anniversary date (Item 330) in FY 1998/99. If the employee's salary rate is "on-step", the employee will receive a one-step increase on the salary step structure (approximately 2.4%), effective with his/her FY 1998/99 anniversary date, subject to the SSI maximum. If an employee's salary rate is "off-step", the employee will receive up to a 2.4% salary increase, subject to the SSI maximum. The 2.4% increase should advance the employee to the highest step attainable, with any remaining off-step salary amount to be processed as a plus salary in Item 815, using detail transaction code "71" (Item 719).
- The anniversary dates of Group B employees who have continued SSI eligibility in FY 1999/00 will be advanced as appropriate. Worksheets will be provided to SCO by HR-ISA in September to post the SSI due for employees with anniversary dates in July through September 1999. Campuses will need to review these SSIs in order to determine if any should be denied. Thereafter, HR-ISA will provide the SCO monthly worksheets to post MSA transactions for SSI-eligible employees.

HR-ISA will provide campuses a two-month advance notice of employees designated as eligible to receive a SSI. This will provide campuses adequate time to review the SSI-eligible employee's performance, and if appropriate, post warranted MSA Denials (330 Transaction) to prevent the employee from receiving the salary increase in error. Campuses should refer to Compendium Report "J02", Cycle "YYMM" listed under Campus Detail, Service Salary Increase.

## 3. Performance Pay (PBSIs):

- PBSIs shall be in the form of a permanent increase in the base salary of an employee (reflected in employment history) or in the form of a one-time bonus (not a permanent increase in the base salary) for employees at the top step of the salary range. The effective date of PBSIs will be retroactive to **July 1, 1998** for FY 1998/99, and **July 1, 1999** for FY 1999/00. The maximum performance salary increase and/or performance bonus per employee in a given fiscal year is 7.5%.
- PBSIs in the form of a base salary increase will be posted by the campuses via SCR transaction with a Detail Transaction Code of "50", regardless of whether the increase results in the employee's salary being on-step or off-step.
- Campuses may have employees who receive their 1998/99 SSI and subsequently receive a retroactive PBSI, which causes them to exceed the service maximum effective prior to the effective date of the PBSI (e.g., a SSI effective 11/98 followed by a PBSI retroactive to 7/98). In this situation, for FY's 1998/99 and/or 1999/00, as appropriate, the employees are entitled to retain the SSI already awarded.
- PBSIs in the form of a lump sum bonus awarded to employees at the top step of the salary range cannot exceed 7.5% in a given fiscal year, and will be paid via PIP system. The payment may be requested using the Miscellaneous Payroll/Leave

Action Form (STD. 671) or the Time and Attendance Report Form 672. Earnings ID “S6” (for exempt classifications) or “SF” (for non-exempt classifications) and the gross amount of the bonus must be denoted on the form (refer to PPM Section G904 for completion instructions). The performance bonus is subject to federal, state, social security and medicare tax withholding, and retirement withholding. The bonus should not be included in the calculation of NDI or IDL. **Note:** The PBSI bonus will not become a permanent increase to the base salary of the individual. For non-exempt classifications, the bonus amount must be included in the calculation of overtime. (Refer to Technical Letter HR/SA 99-10 for additional information regarding overtime calculations for lump sum bonuses.)

#### **4. Employment History Transactions:**

- Campuses are responsible for manually correcting employment history activity affected by retroactive salary adjustments. For example, in FY 1998/99, a SSI-eligible employee receives a one-step SSI effective November 1998 pay period. The employee subsequently receives a PBSI effective July 1, 1998, which places the employee’s salary off-step. In this instance (unless the PBSI increase advances the employee’s new salary to a higher step), the campus will be required to recalculate salary transactions effective subsequent to July 1, 1998, including the MSA transaction based upon a 2.4% versus a one-step increase because the employee’s salary is now off-step. The MSA must be calculated on the employee’s base salary and plus salary (Item 815) amount, if applicable. This will hold true for FY 1999/00 as well. Campuses should refer to appropriate procedures for out-of-sequence processing.
- As a reminder, employment history transactions which result in an “off-step” condition will require the off-step amount to be entered in Item 815 with Item 719 = “50” for SCR transactions and “71” for other salary transactions. The salary increase should advance the employee to the highest step attainable, with any remaining “off-step” salary amount to be processed as a plus salary (Item 815), with the appropriate detailed transaction code entered in Item 719. Off-step salary amounts must be included in all calculations for which base salary amounts are included.
- In an effort to remain consistent with the SCO’s mass update program, we suggest that GEN and MSA salary transactions be rounded to the nearest whole dollar.

#### **5. Salary Schedule Provisions:**

- Pursuant to Article 23, the current salary step structure is retained, but employees may be paid between steps for performance pay, SSI increases, and/or salary adjustments due to a change in classification. The initial appointment must be on step.

#### **6. Lump Sum Bonus:**

- Pursuant to Article 23, full and part-time Unit 4 employees on payroll (including paid “on leave” employees) on the contract ratification date of **July 8, 1999** are entitled to a one-time lump sum bonus. Full-time employees will receive \$383, and

part-time employees will be paid pro-rata, based upon their timebase equivalent. Employees with intermittent (INT) timebases are not eligible for the bonus.

- HR-ISA will create a payroll transaction to generate the payments after the mass update (after August 14, 1999). For employees not captured in HR-ISA's process, campuses may request payments using the Miscellaneous Payroll/Leave Actions Form (STD. 671). Earnings ID "9M" and the gross amount of the bonus must be denoted on the form for the 07/99 pay period (refer to PPM Section G100 for completion instructions, or PPM Section K for PIP instructions). The bonus is subject to federal, state, social security and medicare tax withholding. The bonus will not become a permanent increase to the base salary of the employee, nor will it be subject to retirement withholding or included in the calculation of NDI or IDL.

CIRS compendium report "**R04 Employees Eligible for the Lump Sum Bonus**" provides a listing of employees eligible for the bonus. Access **report code "X80"**, **Cycle 9907**, in the Special Reports category.

#### 7. General Provisions:

- Refer to Article 13 to obtain information regarding maximum employment periods and other pertinent changes for full and part-time temporary appointees.

Employment history processing instructions needed to implement the Unit 4 salary programs for FY's 1998/99 and 1999/00 will be issued by the State Controller's Office. Questions regarding processing instructions should be directed to your campus CSU Audits representative at the State Controller's Office. Questions regarding other aspects of this technical letter may be directed to Theresa Hines at (562) 951-4412. This technical letter is also available via Human Resources Administration's web page at: <http://www.calstate.edu/tier3/HR-Adm/99SAmemo.html>. Thank you.

CR/dth